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RUEHXS/ASEAN REGIONAL FORUM COLLECTIVE

UNCLAS HANOI 002013

SIPDIS

STATE FOR EAP/MLS AND EB/TPP/BTA/ANA
STATE PASS USTR FOR B.WEISEL, J.JENSEN and D.KATZ

SENSITIVE
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E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [VM](#)
SUBJECT: VIETNAMESE RESPONSE TO DEMARCHE RE U.S.-ASEAN TRADE AND
INVESTMENT FRAMEWORK ARRANGEMENT (TIFA)

SENSITIVE - DO NOT POST ON INTERNET

REF: STATE 126674

1. (SBU) Summary: Post delivered reftel demarche to the Ministry of Trade (MOT) by fax on August 4 and followed up with a meeting on August 7 to obtain a preliminary response. The head of the ASEAN office welcomed the USG proposal, but expressed some concerns about the language on labor and on providing for an ongoing mechanism for cooperation in Section Five. He also emphasized that Vietnam wanted the TIFA to be a step towards an eventual FTA and asked how making the TIFA non-binding would affect that process. The MOT must still vet the U.S. proposal with relevant Ministries and gain the Prime Minister's approval before giving any definitive response. End summary.

2. (SBU) Econoff delivered the demarche and draft text of the proposed TIFA to the Multilateral Department at the Ministry of Trade on August 4 and followed up with a meeting on August 7 with Bui Huy Son, recently promoted to Director General for ASEAN Economic Integration. Mr. Son expressed appreciation for the U.S. proposal, saying that it was very timely since the MOT would need to clear the U.S. proposal with all relevant Ministries (Ministry of Justice, Ministry of Foreign Affairs, Ministry of Labor, Invalids and Social Affairs, and Ministry of Science and Technology) before seeking approval from the Prime Minister. He noted that timing was tight to obtain all necessary clearances before the Ministerial August 24-25 and indicated that it would be helpful for Econoff to contact other Ministries directly. (Note: Post is sending copies of the demarche to the other Ministries and will follow up as appropriate. End note.)

3. (SBU) Although welcoming the new U.S. draft, Son said that his preliminary analysis raised some concerns:

-- Change to non-binding status: Son said that Vietnam had supported the original TIFA because Vietnam is looking forward to an eventual Free Trade Agreement (FTA) with the United States and had understood that U.S. policy requires that a TIFA precede an FTA. He asked whether a non-binding TIFA would satisfy the U.S. requirement or whether some further step would be required before moving on to an FTA. Were there cases of other countries moving from a non-binding TIFA (or no TIFA) to an FTA?

-- Labor language: Son pointed out that neither Vietnam nor Laos are members of the WTO, however, he conceded that Vietnam could accept the reference to WTO declarations with the expectation that it would soon become a member. He said that the phrase "internationally recognized standards" was not clear and suggested dropping it. He also suggested that the phrase "providing adequate and effective protection" included the concept of enforcement and so the phrase "and enforcement" should be dropped.

-- Section Five, paragraph three: Son explained that "existing mechanisms" and "working groups" in paragraph two did not cover an ongoing mechanism for cooperation with the United States, so if paragraph three is to be dropped, paragraph two should be rephrased to provide for such a mechanism.

¶4. (SBU) Son said that he was just providing a preliminary response and the Ministry of Trade would have to coordinate with other Ministries and consult with other ASEAN countries. He asked if the United States had a tentative agenda for coordinating agreement on the text at the Kuala Lumpur Ministerial.

MARINE